

CARD ROOM CONNECTION

OFFICIAL NEWSLETTER OF THE WASHINGTON STATE GAMBLING COMMISSION
FOR CARD ROOM OPERATORS AND CARD ROOM EMPLOYEES

January—June 2006 Edition

NOTICE TO CARD ROOM OPERATORS!

For the past three years, this newsletter has included articles of direct interest to card room employees. In order to keep our card room operators better informed of hot issues and what's new, we will now be including articles that relate to **both card room operators and their employees**. We hope you find this newsletter helpful to keep updated on what's new and what's news regarding the regulation of card rooms in Washington State.

Combating Underage Gambling

As you may know, we have been conducting underage compliance visits for about three years. More than 40% of the visits resulted in a violation because a minor was allowed to enter a card room and gamble. A better job needs to be done to keep minors out of card rooms.

There is a resource to help you that is available right now through the Liquor Control Board (LCB). To assist you in keeping minors out of your card room, we recommend that licensees send all employees through the LCB's driver's license identification (I.D.) training. The LCB offers this

(Continued on page 8)

Advice from an Undercover Agent

That's right. We're out there somewhere, and we know what is going on. I may work where you do. I may be a regular customer. Perhaps the idea of an undercover agent in your midst makes you apprehensive, but I'm actually there to protect you and the public.

I'm not looking to discover unintentional errors. I'm looking to see if you are intentionally breaking the law or ignoring illegal activity. If you are, you may be held accountable.

Don't compromise your livelihood. You have a gambling license and must adhere to a high standard to

(Continued on page 4)

House-Banked Card Rooms

Proposed Rule Changes that Directly Affect You!

♣ **Two Part Payment Plan for License Fees Repealer**

♠ **Increasing Tip Reporting for Card Room Employees**

Two Part Payment Plan For License Fees

Currently, organizations with license fees of \$800 or more may pay the first half of their license fee when their license is issued and the second half six months later.

(Continued on page 2)

Internet Gambling

So much has been written about the recent Internet gambling bill, we wanted to respond with some of the facts. Hopefully, these facts will help when you hear people talking about Internet gambling.

Internet gambling currently is, and always has been, illegal under Washington law. Online gambling is also illegal under federal law (Federal Wire Wager Act (18 U.S.C. § 1084 (1994))).

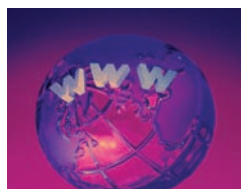
What is Gambling?

Gambling involves three elements: Prize, Consideration and Chance. If one of these elements is removed, it is no longer a gambling activity. For example, if you pay a fee to play a game of chance (such as poker, blackjack, bingo, roulette, craps, slots, etc.) for a prize, it is a gambling activity. However, if you play these games for free (no entry fee or wager) it is not a gambling activity and okay to play on the Internet.

Why was the Law Passed?

In response to the growth of illegal Internet gambling activities, the Legislature unmistakably clarified and strengthened Washington's existing statutory prohibition against Internet gambling. The specific term "Internet" was added to the law and one

(Continued on page 3)



Rules Changes under Review

Proposed rule changes are generally discussed at three Commission meetings. At the first meeting rules are “Up for Discussion and Possible Filing;” the second meeting “Up for Discussion;” and the third meeting “Up for Final Action.” When rules are Up for Final Action, the Commission may choose to adopt the rules, hold them over for further discussion, or completely remove them from the agenda.

How you can comment on proposed rule changes.

If you have comments on proposed rule changes under review, you are encouraged to attend a Commission meeting.

If you are unable to attend a meeting, send your comments to:

WSGC, Attention: Rules Team

P.O. Box 42400

Olympia, WA 98504

Or e-mail: Rulesteam@wsgc.wa.gov.

For more information about these proposed rule changes, visit our website at www.wsgc.wa.gov and select Rules and Laws, Rules under Review, or select Public Meetings, July 2006, Commission meeting.

Up for Possible Filing at the August 11, 2006, Commission Meeting

(Continued from page 1)

Two Part Payment Plan Repealer Continued

In 2005, \$119,000 in license fees were uncollected because licensees surrendered their license and left the gambling industry.

Of this amount, approximately \$54,000 was from five house-banked card rooms. Commission staff is proposing discontinuing the two part payment plan for house-banked card room licensees (which represent ½ of 1% of the Commission’s licensees) which are responsible for almost 50% of the uncollected revenues.

Tip Reporting for Card Room Employees

This proposed rule change would require more detailed procedures for the accountability of tips received by card room employees in house-banked card rooms.



Up for Final Action at the September 15, 2006, Commission Meeting

Petition for Rule Change Logo Chips



The Petitioner requests authorization for unlicensed persons to possess discontinued gaming chips from card rooms that have closed, or that have changed their chip logo. The intent is to allow chip collectors to buy and sell discontinued gaming chips.

Petition for Rule Change Crediting Pull-Tab Winnings to Gift Cards

A licensed manufacturer/distributor is requesting that licensees have the ability to credit prizes from punchboard or pull-tab games to a gift certificate or a gift card if the prize is \$20 or less. Most prizes are below \$20. The petitioner is also requesting that players be able to use gift certificates or gift cards to participate in gambling activities.

New Rule Changes Adopted

License Fees for Military Personnel Effective July 20, 2006

Military personnel that return from deployment may now renew their individual licenses at the renewal rate for up to six months after returning from deployment. In the past, if their license expired while they were on active duty, they had to apply for a new license.



House-banked card games \$200 wagering limits

Effective February 17, 2006

\$200 wagering limits are now allowed at all tables in a house-banked card room, rather than one, two or three tables, depending on the number of tables authorized under a license.

Card Room Supervision

Effective April 13, 2006

The number of tables one pit supervisor can oversee was increased to seven tables.

Gift Cards and Gift Certificates

Effective August 17, 2006

The change allows gift certificates and gift cards as ways to pay to participate in gambling activities. Gambling winnings *cannot* be placed on gift cards or gift certificates.

The Commission Voted Against these Petitions

- Increasing player-supported jackpot administrative fees from 10% to 35%.
- Increasing poker wagering limits from \$25 to \$100, for poker games at house-banked card rooms.
- Allowing new types of card games where players no longer receive their own hand of cards. This would have allowed games like mini-baccarat.
- The petitioner requested that on-duty card room employees no longer be required to contribute to player-supported jackpots because they are not allowed to share in the winnings.
- Allowing gambling winnings to be placed on gift cards.

Internet Gambling continued

(Continued from page 1)

of the possible penalties for its violation was increased, providing law enforcement with additional tools to pursue those profiting from or supporting illegal Internet gambling.

The Washington State Gambling Commission was created to keep the criminal element out of gambling and to protect the public. This new law supports the Commission's efforts at fulfilling that responsibility.

Penalties and Enforcement.

Washington's gambling statutes now provide a range of gross misdemeanor and felony penalties for Internet gambling violations, depending on the factual circumstances. The actual punishment for an unranked felony conviction is from zero days to one year in a county jail (the same possible jail sentence as a gross misdemeanor).

Enforcement will focus on larger, higher level Internet gambling activities, such as gambling sites and service providers. A gross misdemeanor was not much of a deterrent to site operators and service providers that process hundreds of thousands of dollars in bets.

As for players, gambling on the Internet, whether playing



poker, slots or another gambling game, runs a risk of a felony conviction. However, there is not going to be an active campaign against regular players. If players' names appear in an operator's seized records, the Gambling Commission would likely send the player a warning letter, notifying them that betting online is a felony. If a player's name reappears again, charges may be filed.

Washington is part of a multi-state and federal task force that is pursuing education and awareness, as well as coordinated enforcement activities, in order to combat illegal Internet gambling.

Internet Gambling is Risky.

This legislation has had the added benefit of increasing public awareness and Washington residents are becoming better informed about the dangers and illegality of Internet gambling. Those who gamble on the Internet

(Continued on page 5)

Advice from an Undercover Agent continued

(Continued from page 1)

keep that privilege. Have you ever seen other people breaking the rules and they never seem to get caught? It is your responsibility, as a licensee, to report illegal activity and ongoing problems.

Protect yourself and don't get wrapped up in the trouble of lawbreakers by purposely ignoring it yourself. It is bound to catch up with them at some point and their actions may implicate you.

Now is a good time to refresh your memory on some of your responsibilities. These are particularly important because they are required by Washington State law.



If you see illegal activity, you must report it to the Gambling Commission: RCW 9.46.153 (3) states that licensed owners, managers, and employees must notify the Gambling Commission if they suspect illegal gambling related activity may be occurring on or off the premises. If you know an illegal activity is occurring and do not notify the Commission, you risk losing your gambling license.

If you are questioned or interviewed by a Special Agent, tell the truth: RCW 9.46.153 (4) requires licensed owners, managers, and employees to cooperate and provide information on investigations conducted by the Commission. If you fail to cooperate or knowingly provide false information you risk losing your gambling license.

Don't cause another person to violate gambling rules or laws: RCW 9.46.185 states that any person who knowingly causes, aids, abets, or conspires with another to cause someone to violate gambling rules is guilty of a gross misdemeanor.

RCW 9.46.180 states that any person who knowingly causes, aids, abets, or conspires with another to cause someone to violate gambling laws is guilty of a class B Felony.

Reporting a violation is easy. Call any field office number listed on the last page of this newsletter or report a violation on our website at www.wsgc.wa.gov.

If you want to remain anonymous, it is important that you document the specific details of your complaint so we can properly exclude you from our investigation. You may need to prove you were the one who initially reported the illegal activity.

If you are in the unfortunate circumstance of seeing illegal activity, report it. If you are being interviewed or questioned by a Special Agent, tell the truth. In many cases, the Agent may already know the answers to some of the questions you are being asked.

Your license enables you to work in the gambling industry. Don't risk your future by breaking the law. I would prefer to be your advocate rather than your adversary, but if that is not enough to convince you - we are out there, somewhere....

2006 Commission Meeting Schedule

August 10 & 11
Red Lion Hotel
1225 North Wenatchee Avenue
Wenatchee, WA 98801 - (509) 663-0711

September 14 & 15
Red Lion Hotel at the Park
303 W. North River Drive
Spokane, WA 99201 - (509) 326-8000

October 12 & 13
Inn at Gig Harbor
3211 56th Street NW
Gig Harbor, WA 98335 - (253) 851-5402

November 16 & 17
DoubleTree Guest Suites
16500 Southcenter Parkway
Seattle, WA 98188 - (206) 575-8220

December - No Meeting

Visit our website at www.wsgc.wa.gov

Internet Gambling continued

(Continued from page 3)

have no idea who is operating the game, if the game is run honestly, if winnings will be paid, or if the money will be used to further criminal activity.

Businesses and individuals that have a Washington State gambling license undergo background checks to reduce the likelihood of criminal involvement.

Licensees must follow rules designed to keep games fair and honest. The Gambling Commission conducts audits to ensure games are paid out correctly and investigates all complaints. Undercover agents monitor for compliance.

Social Costs.

Internet gambling creates an uncontrolled opportunity for addicts and children to gamble.

In May 2006, the California Research Bureau published *Gambling in the Golden State 1998 Forward*. This report noted "Internet poker gambling among young males is extremely popular, and becoming a problem. As an example, the president of the sophomore class at Lehigh University robbed a bank in an attempt to pay off \$5,000 in Internet gambling debts."

In October 2005, the Commission contracted with Washington State University's Social & Economic Sciences Research Center to conduct a public opinion survey about gambling. A few key findings include:

- The lack of Internet gambling regulation was the second ranked concern. One-third (34%) were very concerned, and an additional quarter (24%) were somewhat concerned.
- Among five questions about the concerns of Washington residents, the topic of greatest concern was the number of people under the age of 18 who are gambling. Overall, almost half (44%) of surveyed adults were very concerned about under-age gambling, and an additional 25% were somewhat concerned.
- Respondents were asked whether they believe that gambling in Washington is honest and fair. Over three-quarters (76%) of respondents said gambling was very (12%) or mostly (64%) honest and fair.



Advertising.

Although, radio, television and newspapers that publish "gambling information" (RCW 9.46.0245) are exempt from the new law, advertising for Internet gambling is generally illegal. In most instances, advertising would be a gross misdemeanor under the professional gambling statute (RCW 9.46.222).

Writing general information about Internet gambling is okay. However, providing links to illegal sites is considered soliciting or inducing persons to participate in an illegal gambling activity and is a violation of the professional gambling statute (RCW 9.46.0269).

The courts have determined that there is not First Amendment protection from advertising illegal activities.

Federal Enforcement Actions.

In 2003, the United States Department of Justice (DOJ) mounted a coordinated challenge to the advertising of Internet gambling sites. A DOJ official sent a letter to the National Association of Broadcasters stating that media businesses likely were "aiding and abetting" violations of federal law when they circulated such advertising.

In 2004, the DOJ seized from Discovery Communications \$3.2 million that ParadisePoker.com had prepaid for future advertising of its Internet gambling site.

In a 2005 settlement, the parent company of The Sporting News agreed to pay a \$4.2 million fine and spend \$3 million on public service announcements that online gambling is illegal.

In May 2006, the DOJ announced the indictment of two individuals and the corporations through which they operated their illegal, off-shore gambling websites. Those individuals and entities are also charged with money laundering over \$250 million worth of illegal Internet gambling wagers. The indicted individuals are currently federal fugitives.

Horse Racing.

A few years ago, account wagering for horse racing was authorized by the Legislature. This is a separate law from the Internet gambling prohibition. Currently, the Horse Racing Commission has three licensed vendors that provide account wagering. For more information, call the Horse Racing Commission at (360) 459-6462.



Administrative actions taken for violating gambling rules.

Name	Violation	Case Outcome
Geraldine Henzel, Card Room Employee, (CRE) (Formerly employed at Ponderay Café and Chips Casino) Bremerton	Cheating.	The licensee agreed to surrender her gambling license.
Veasna Kha, CRE, (Formerly employed at Magic Lanes Casino) Renton	Cheating.	An Administrative Law Judge (ALJ) issued an Order revoking his license.
Bruce D. Nguyen, Class III employee and CRE, (Formerly employed at The Tulalip Casino and Royal Casino) Everett	Cheating.	The licensee agreed to surrender his gambling license and Class III certification.
Tiffany Buckenberger, Applicant, Pasco	Criminal History.	An ALJ issued an Order denying Ms. Buckenberger's application.
Chanh Kim, CRE, (Formerly employed at Silver Dollar Casino and Iron Horse Casino) Blaine	Criminal History.	An ALJ issued an Order revoking Ms. Kim's license.
Sung B. Kim, Applicant, Lacey	Criminal History.	An ALJ issued an Order denying Mr. Kim's
Linda Levshakoff, CRE, (Formerly employed at Ponderay Café) Bremerton	Criminal History.	The licensee agreed to surrender her gambling license.
Jeffery H. Limon, Applicant, Sunnyside	Criminal History.	The licensee failed to respond to the charges and a Default Order was entered denying his application.
Nguyet Pham, CRE, (Formerly employed at Parker's Sports Bar & Casino) Shoreline	Criminal History.	An ALJ issued an Order revoking Ms. Pham's license. The licensee filed a Petition for Review. The Commission affirmed the ALJ's decision revoking her license.
Chirayout Sinaphet, CRE, (Formerly employed at Silver Dollar Casino/Everett) Everett	Criminal History.	The licensee agreed to surrender his gambling license.
Justin Serry, Class III employee, (Formerly employed at Suquamish Clearwater Casino), Kingston	Criminal History.	The licensee failed to respond to the charges and a Default Order was entered revoking his certification.
James E. Smith, Applicant, Bellingham	Criminal History.	An ALJ issued an Order denying Mr. Smith's application.
John Harman, Applicant, Lacey	Failure to disclose a material fact on his application.	The licensee withdrew his application.

Administrative actions continued.

Name	Violation	Case Outcome
Hau V. Huynh, CRE, (Formerly employed at Golden Nugget Casino) Tukwila	Extension of credit. Taking the house's chips to play poker.	The licensee failed to respond to the charges and a Default Order was entered revoking his license.
Hau Dao Tran, CRE, (Formerly employed at Last Frontier/New Phoenix Casinos) Vancouver	Placed bets with a bookmaker.	An ALJ issued an Order revoking Mr. Tran's license.
Virginia Alaniz, Class III employee, (Formerly employed at Lummi Silver Reef Casino) Ferndale	Theft of \$100 while working as a cage cashier.	The licensee failed to respond to the charges and a Default Order was entered revoking her certification.
Tina Damis, Class III employee, (Formerly employed at Lucky Eagle Casino) Rochester	Theft of \$1,095 in travel expenses.	The licensee failed to respond to the charges and a Default Order was entered revoking her Class III certification.
William J. Delashmit, CRE, (Formerly employed at Iron Horse Casino) Shoreline	Theft of \$80 from a pull-tab cash drawer while employed as a security guard.	The licensee failed to respond to the charges and a Default Order was entered revoking his license.
Steven L. Jones, CRE, (Formerly employed at Golden Nugget Casino) Tukwila	Theft of \$210 while working as a dealer.	The licensee responded to the charges and said he did not want a hearing. Therefore, a Default Order was entered revoking his license.
Janet D. Kleman, Class III employee, (Formerly employed at Lummi Silver Reef Casino) Ferndale	Theft of \$160 during a transaction with a patron.	The licensee responded to the charges and said she did not want a hearing. Therefore, a Default Order was entered revoking her certification.
James A. Lynass, CRE, (Formerly employed at Players & Spectators) Spokane Valley	Theft of \$60 while working as a dealer.	The licensee failed to respond to the charges and a Default Order was entered revoking his license.
Joseph L. Mino, CRE, (Formerly employed at Silver Dollar/Mill Creek) Bothell	Theft of \$132 in gaming chips while working as a dealer.	The licensee waived his right to a hearing and a Default Order was entered revoking his license.
Matthew D. Mitzel, CRE, (Formerly employed at Thunderbird Casino & Lounge) Yakima	Theft of \$150 in gaming chips while working as a dealer.	The licensee failed to respond to the charges and a Default Order was entered revoking his license.
Stephen A. Sottero, CRE, (Formerly employed at Ringo's Little Vegas) Spokane Valley	Theft of \$2,800 for reimbursement of non-existent poker promotions.	The licensee agreed to repay \$2,800 to Ringo's Little Vegas and since his license had expired, to not renew his license.

OUR MISSION:

PROTECT THE PUBLIC BY ENSURING THAT GAMBLING IS LEGAL AND HONEST.

CALL OUR FIELD OFFICE CLOSEST TO YOU FOR REGULATORY OR OPERATIONAL QUESTIONS

BELLINGHAM	(360) 676-2012
EVERETT	(425) 339-1728
KENNEWICK	(509) 734-7412
MOSES LAKE	(509) 766-6576
PORT ORCHARD	(360) 864-9113
RENTON	(425) 277-7014
SPOKANE	(509) 329-3666
TACOMA	(253) 471-5312
TOLEDO	(360) 864-4240
VANCOUVER	(360) 576-6012
WENATCHEE	(509) 886-6230
YAKIMA	(509) 575-2820

Washington State Gambling Commission

Headquarters: P.O. Box 42400

Olympia, Washington 98504-2400

Phone: (360) 486-3440

Toll-Free: (800) 345-2529 (in-state only)

TDD: (360) 486-3637

Website: www.wsgc.wa.gov

Combating Underage Gambling

(Continued from page 1)

training twice a month on a voluntary basis. If you attend, make sure you sign in so there is a record that you attended the training. In about two months, the LCB will have a training CD available for viewing. Please contact your local LCB office for more information.

With proper training, employees will be better prepared to deal with minors trying to enter a card room and gamble. Other items that may reduce the opportunity for minors to enter card rooms are:

- Posting signs requiring staff to check for proper I.D.
- Making sure there is adequate staffing to check patron's I.D.
- Posting a security person at the door
- Having a waitress, dealer, and floor supervisor check for proper I.D.
- Updating internal controls and training staff on what is expected of them

Some card rooms have asked us to look at "mitigating circumstances" when a second violation has occurred. The current fine structure is:

First Violation

\$300 Notice of Violation and Settlement

Second Violation

Five day suspension; four days deferred and one day vacated by paying a fine of 75% of the net gambling receipts for one day

If you receive a second violation in one year, we will look at what you have done to try and keep minors from gambling at your card room.

If you have taken steps to train employees, put up signs, update your internal controls, and document these changes, we will take these into consideration and the fine may be reduced to 50% of net gambling receipts, instead of 75%. If you have questions, please contact your local field agent.

FOR HELP WITH PROBLEM GAMBLING, CALL: (800) 547-6133

Editor, Layout and Design: Susan Arland, Public Information Officer

This newsletter is published each January and July by the Washington State Gambling Commission.

Do you have questions or comments about our newsletter: E-mail us! SusanA@wsgc.wa.gov